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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 000622

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E.O. 12958: DECL: 04/01/2018

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SUBJECT: TURKEY: PM ERDOGAN AND AKP DECIDE TO RIGHT THE SHIP

REF: ANKARA 600 AND PREVIOUS

Classified By: PolCouns Janice G Weiner, reasons 1.4 (b), (d)

11. (C) Summary and comment: The closure case against the ruling Justice and Development Party (AKP), now formally accepted by the Constitutional Court, is now a fact the party has accepted, AKP Vice Chair Saban Disli told us. AKP and PM Erdogan understand the Turkish public is weary of political upheaval. While AKP prepares its defense in a process Disli expects to last six to eight months, the PM has exhorted his party group to reach out to civil society organizations, find areas of common interest, and press forward with their agenda. This will be done with an eye to the economy in particular, EU accession, and next spring's local elections. AKP will not force a constitutional amendment package on party closures absent opposition support. Disli was clear this represents the PM's view. AKP's operating perspective is now medium- to long-term. Its goals are to hold the party together and face the current challenge while preserving economic and democratic gains. With the closure case a reality, the flailing is over. The PM, whose "morale" Disli flagged as key for the party and the country, has given direction. End summary and comment.

12. (C) A calm and determined Disli told us April 2 the ground has shifted with the Constitutional Court's acceptance of the closure case against AKP. Though the content of the indictment -- drawn from disparate newspaper articles -- was questionable, it was good it was going forward. The issue will be decided once and for all. Had the Court rejected it, AKPers were convinced that another attempt of some form would have been made in a few months. The party has established a legal/technical team to work on its defense.

13. (C) AKP's strategy, driven by PM Erdogan, Disli continued, is not to fight the case publicly. Instead, AKP will press forward with a full agenda. The party will reach out to civil society organizations, including those who last week issued a call for calm and common sense. Many of these organizations represent business and economic interests. The GOT hopes to partner with them to coordinate wherever possible on economic issues, for example. Turkey is already feeling the results of a worldwide economic downturn. While the GOT may not negotiate a new stand-by agreement with the IMF, the Turks still intend to have some form of side agreement that would allow them to return to the fold if

conditions worsen. (Note: Minister Simsek has indicated that Turkey is looking at a Precautionary Stand-By Agreement, which is the next step down from the current Stand-By. End note.) Some, Disli stated, are trying to create a crisis so others can use it as an excuse not to make payments or to withdraw capital. Turkey would, he thought, make it through 2008; it is 2009 about which he worries. He sees conditions in Europe worsening, which will have an impact on Turkey. In the U.S., in his view, the bureaucracy, including the Fed, can move relatively quickly to make corrections, whereas in Europe, the mechanisms are more bureaucratic, less transparent and take longer both to make decisions and to produce tangible results.

¶4. (C) Erdogan made it clear at the April 1 party group meeting, Disli said, that the time had come for the GOT to buckle down and work more intensively in parliament. If that means working nights and occasional weekends, they are prepared to do so. Their near-term agenda will include completing the social security law reform; amending Article 301 of the Turkish Penal Code (insulting "Turkishness"); re-writing the entire Commercial Code (a major undertaking, consisting of 1500 articles), a project necessary to bring Turkey's commercial provisions into the 21st century, harmonize with EU law (Deloitte Turkey has been working on this re-write since 2005, and has already submitted drafts to the parliament); a labor development law that will seek ways to train the illiterate for sectors that are currently going wanting; and creating incentives for a variety of business sectors. (Comment: A true focus on an economic agenda would indicate they have heard their constituents' complaints; in the current political climate, it would also be more defensible and less polarizing than controversial

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constitutional or democratization reforms. Tackling 301, especially now, will not be easy. End comment.)

¶5. (C) The AKP will not, Disli emphasized, push a constitutional package designed to change the Constitution articles and Political Party law provisions dealing with party closures. Unless, during its inter-party consultations, it gains support from the opposition, in particular the Nationalist Action Party (MHP), the PM is firm that AKP will not go forward with legislation that would look as if the party is only trying to save its own hide. The party continues to do regular polling and MPs are traveling regularly to their constituencies: the people are weary of political high-wire acts and have no interest in a continuing crisis mentality.

¶6. (U) Erdogan's remarks April 2 in Stockholm seemed to confirm Disli's line: Erdogan stated the closure case is the business of the Constitutional Court; AKP will prepare its defense, but the GOT's business is to get on with the job of governing. Progress on EU accession is a strategic GOT goal. He also mirrored Disli's version of the near-term parliamentary agenda, noting that they would finish the social security law, then "get Article 301 off the agenda."

¶7. (C) What is key, he said, is party morale, starting with Tayyip Erdogan. The PM is determined to hold the party together and continue to conduct business as usual, which includes travel at home and abroad. This weekend, the PM will be in Malatya and Erzurum; Disli said he would travel to Mardin; others were fanning out as well. And if the party is, in the end, closed? They will, Disli concluded, prepare for that eventuality. It is not impossible that Erdogan could again be the behind-the-scenes figure, advising another in government.

¶8. (C) With respect to the Southeast, in the wake of the cross-border operation, the GOT must provide something tangible for the people. The Turks are looking for financing partners to complete the last two small dams in the Southeast Anatolia Project (GAP); the controversial Ilisu Dam is on

hold, pending arrangements to save the unique artifacts/structures of Hasankeyf. Disli pointed to the World Bank, as well as the world financial situation as key to securing financing. The two dams and development of the advanced irrigation methods would provide temporary employment for many. Once the reservoirs are filled, certain valleys that PKK terrorists have used for transit will be flooded, enhancing security as well, he claimed. He referred to development of the region's renewable energy sources, including wind, as well.

19. (C) The GOT -- and AKP -- must stay strong in the Southeast, Disli concluded. The unrest that accompanied Nevruz was a sign the PKK sees a possible opening. If the GOT does not continue to provide services and programs to that part of the country -- not to mention prepare for next year's local elections -- only the terrorists stand to gain. With respect to the pro-Kurdish Democratic Society Party (DTP), AKP has been clear it wants DTP to remain in parliament as a legal party -- they do not want to see it closed. That, too, is important for the future of the Southeast.

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